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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

U. S. Department of Agriculture
1934

D-86

January 18, 1934

WORLD DAIRY PROSPECTS

Summary

New York butter prices recovered from record low for the year in mid-December and are now well above what could be realized in London in competition with other salted butters on the British markets. In New York following upon the maintenace of a price of 24 cents from the middle of September to the middle of November, 92-score dropped to 16 cents on December 16, the low for the year, and has since recovered to 19.25 as of January 11, against 21.0 cents a year ago. British supplies are now being checked, by seasonal decline of production in Europe and by withholding of shipments as well as seasonal decline of production in principal Southern Hemisphere countries. Continued decline in exportation of concentrated milk from the United States may be affected somewhat by continuation of the import restrictions in Great Britain now proposed for the first quarter of this year.

Domestic butter prices too high for exportation

Quotations on butter in London continue to show an abnormally wide-spread between New Zealand and Danish. Danish butter however, has declined from the level of a month earlier more than domestic prices, and New York is now below London by less than 4 cents on Danish and above London by 3 cents if the comparison is with New Zealand finest. A year ago New York was above London by 5.7 cents on Danish, and 11.5 cents on New Zealand. The decline from a month ago on the London market has been in the nature of a very slight but steady downward movement in the case of the colonial butter and a regular but marked decline in Danish, as against a sharp break in domestic prices in the middle of December to a new low level for the year and some recovery to date.

Local preferences affect sale of butter in Great Britain

In a general way it has been known that the demand for the various types of butter entering British markets tends to be highly localized. On the basis of the broad classification of "continental" and "colonial" butters, the former have become established predominantly in the eastern and northern portion of the islands, the main consuming centers tending to be grouped around the eastern ports of entry from the Continent. In a report published in October, 1930 by the Empire Marketing Board it was stated that,

"butter is imported into the United Kingdom through three main channels: Australian and New Zealand butters, chiefly through London; Irish butter through the ports on the West Coast; and European butters, mostly from Denmark, through the ports on the East Coast. The main markets for each type of butter tend to be grouped round the ports of entry".

Since the issuance of this report consumption of colonial butter has greatly increased, and, as a result particularly of the sales organization of the New Zealand Dairy Produce Control Board, the market demand has been widely extended. In a report from Bristol as of December 11, 1933, American Consul Roy W. Baker states that "in the east the preference is for continental butter and in the west for colonial, and a line drawn north and south through a spot slightly to the west of the center of England defines quite accurately, it is said, the two areas affected". The explanation given for the quite thoroughly localized preferences referred to is that consumers in the East demand the butter which, reaching their tables only a few days after shipment, requires no salt, while the West has come to prefer the slightly salty taste inseparable from the product of the distant Dominions.

This situation suggests that the sale of butter from the United States would have to compete chiefly with colonial butter the price of which in the London market is now below Danish by an abnormally wide margin.

Butter supplies reaching British markets somewhat checked

Importation of butter into Great Britain, which has been of record volume for the calendar year just ended had received in December some check in both European and Dominion supplies. During the 11 months of 1933 for which official figures are obtainable, total imports of 897,989,000 pounds were received against 851,778,000 pounds and 816,183,000 pounds in 11 months of 1932 and 1931, respectively. Exports of imported butter from Great Britain principally to continental Europe during these 11 month periods fell this year to 8,872,000 pounds from 32,776,000 pounds the previous year and 30,795,000 pounds 2 years earlier.

Shipments afloat from Southern Hemisphere sources as of December 14 were practically the same as a year earlier. Australian production as reflected in gradings has been lighter than last year during the season beginning in July and up to December 2, by about 14 percent, while New Zealand gradings have exceeded those of the previous season by about 19 percent. Production in both Australia and New Zealand is now at a seasonally high level and above that of a year ago. Shipments from both these countries will not reflect fully the output during the remainder of the season since in both the policy has been adopted of withholding shipments during the peak of the season for later controlled "spread-over" of exports.

Stocks of butter in cold storage in Great Britain had by December 9, for the first time this year, fallen slightly below stocks of corresponding date a year earlier, amounting on that date to 24,638,000 pounds against 26,749,000 pounds on December 10, 1932.

Restrictions on imports of our milk into United Kingdom to be continued

During the first quarter of 1934, supplies of processed milk permitted to enter British markets from foreign countries will be further reduced, according to proposals officially submitted to our Ambassador and forwarded by Agricultural Attache' E. A. Foley to this Bureau. The proposals have been acquiesced in as formally as in previous periods of last year and may be regarded as now in effect.

Since the steady decline in our exports of concentrated milk has been referred to frequently in these reviews, the proposal is quoted at some length below:

"In view of the urgent necessity of measures to assist the newly organized milk industry in this country, His Majesty's Government propose to extend the arrangements for the regulation of imports so as to secure during the three months January to March 1934 the following reductions in supplies from foreign countries mainly interested in the market:

For condensed skimmed milk, 17½% in January; 20% in February, and 22½% during March; for cream, 20% in January; 22½% in February and 25% during March; for condensed whole milk and milk powder, 20% during the quarter. In each case the base period would be the corresponding month of this year.

His Majesty's Government hope, therefore, that the chief foreign suppliers of the United Kingdom market will agree to limit their imports into the United Kingdom during the period January to March 1934 in the manner proposed above. Exports from other foreign countries with smaller interests in the United Kingdom market will be limited during the same period to the quantity exported during the corresponding months of this year. As in the case of the existing agreement, the position will be reviewed at the end of each month, while every effort will be made to secure the agreement of the Dominions concerned in the trade to limit their exports during the period under consideration to the quantities shipped during the corresponding month of 1933.

On the basis of these proposals the export of processed milks to the United Kingdom from foreign countries during the three months January to March 1934 would not exceed the quantities given in the enclosed statement.

In the event of the continuance of regulation by voluntary agreement His Majesty's Government would not propose to consider during the term of the agreement any increase in the present duties on imports of the products concerned".

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin and London, for one day each week during December and January to date, with comparisons

Market and description	1933 Dec. 14	1933 Dec. 21	1933 Dec. 28	1934 Jan. 4	1933 Jan. 5
	Cents	Cents	Cents	Cents	Cents
New York - 92-score	19.0	17.0	20.0	18.0	22.5
San Francisco, 92-score .	20.0	17.0			22.0
Montreal, No. 1 past. ...	23.2	a/	a/	25.4	18.8
Copenhagen, off. quot. ..	20.4	18.6	17.1	15.7	12.6
Berlin, 1A qual.	42.4	42.9	43.1	43.2	19.9
London, Danish	26.4	24.6	22.9	21.8	16.8
" , New Zealand	15.9	15.1	15.3	15.2	12.4

a/ No quotation available.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

D-87 February 13, 1934

WORLD DAIRY PROSPECTS

Summary

Exports of processed milk continued to fall off during 1933. Evaporated milk declined from 39,305,000 pounds in 1932 to 32,334,000 pounds; condensed from 11,502,000 pounds to 4,761,000 pounds; and powdered whole milk from 1,885,000 pounds to 1,559,000 pounds. Restrictions upon imports of processed milk into the United Kingdom were in effect through the latter half of 1933 but these restrictions had less to do with limiting our exports than did the prevailing exchange and market conditions. At present, however, the proposed extension of these restrictions is arousing considerable interest because they appear to discriminate against our imports since quotas are to be based upon the subnormal shipments of 1932 and 1933, and would prevent recovery to a more nearly normal level. An account of the British import restrictions follows with discussions as to their status by Agricultural Attache E. A. Foley, in London. Imports of the more important types of cheese entering the United States have declined further in the past year, reflecting depression in the foreign trade generally of Switzerland and Italy so severe as to check production in those countries.

Regulation of imports of processed milks into United Kingdom

In the preceding issue of these reviews reference was made to the proposed extension into 1934 of agreements initiated last year by the British Government restricting imports of our processed milk. The statement called attention to the fact that these agreements apparently would continue in effect by virtue of their acceptance in the sense that official representations had not been made in objection to them.

The restrictions upon exportation of all processed milk from this and other countries selling in Great Britain were urged by the British Government last year as incident to a national milk marketing scheme inaugurated with a view to improving the position of the domestic dairy industry. The scheme, intended to raise prices of milk for all uses in Great Britain,

involves the restrictions of imports. The Minister of Agriculture has no authority to make any rules or regulations in this matter but can go to the Board of Trade and get and Order in Council which would give the desired control. The following is quoted from the Journal of the Ministry of Agriculture for July 1933:

> "Regulation of Imports of Processed Milks.- In view of the production of increasing quantities of milk in this country surplus to the requirements of the liquid milk market, and in view also of the accumulation of unusually large stocks of processed milks in the hands of home manufacturers, proposals for the regulation of imports into the United Kingdom of cream, condensed whole milk, condensed skimmed milk, and milk powder have been discussed by the Minister of Agriculture and Fisheries with representatives of the governments of countries concerned in the export of these commodities to the United Kingdom market. As a result of these discussions, the governments of the foreign countries mainly concerned with this trade have agreed, as an emergency measure, to limit their exports of the above-mentioned products to the United Kingdom during the 3 months, June, July and August, to amounts not exceeding 80 percent of the quantities shipped in the corresponding period of 1932. Those foreign countries whose exports of processed milks to this market are comparatively small have undertaken to insure as far as possible, that their shipments remain at previous low levels. In addition, the governments of the dominions that have been consulted have promised to cooperate as far as they are concerned with the export of these products and will use their best endeavors to limit shipments during the period in question to the quantities shipped in the corresponding period of 1932. The arrangements are subject to a review of the market supply situation at the end of each month."

The October issue of the Journal carried a copy of a proposal for negotiating an extension of these arrangements to cover the remaining 4 months of the year, and the extension provided for was subsequently put into effect.

The matter of continued and increased restriction upon our exports of processed milk to the United Kingdom in the first quarter of 1934 was still under consideration, according to a statement from Agricultural Attache E. A. Foley, in London, as of January 9, 1933.

Renewed interest in importation, particularly of powdered milk, from this country was apparent at the time of the communication, provided that restrictions on such importation were not to be made final. During the period of importation on which quotas were based (the latter half of 1932) and the early months of 1933 now to be considered, imports from this country were quite negligible. The factor of foreign exchange in itself has now moved to make importation from this country more profitable.

The American powdered milk business was important while England was on the gold basis, as pointed out by Mr. Foley, but "with the going off the gold standard (September, 1931) this business ceased entirely. In fact forward orders were cancelled." "However, now that the dollar has declined, it is again profitable to import this product."

Since import quotas were established in 1933 on the basis of imports received in corresponding months of 1932, no important shipments were on record from the United States on which to base any substantial quota. Even the nominal allowance made for milk powder from this country was not used last year. While no American firms were then interested in exporting to England under prevailing market and exchange conditions, some English firms are known now to want considerable quotas, according to Mr. Foley.

The trend of the trade in condensed, evaporated and powdered milk between the United States and the United Kingdom from the enormous volume reached in war and early post-war years to its almost complete disappearance is shown below. The trade in powdered milk, it will be noted, developed later, but reached its peak in 1931. The recent decline, it should be made clear, has not resulted primarily from the import restrictions referred to, but now that exchange and market conditions are again favorable, such restrictions apparently have become effective in limiting an important potential export trade particularly in powdered milk to the United Kingdom.

United Kingdom: Imports of condensed, evaporated, and powdered milk from the United States, 1913-1933

Calendar year	Condensed sweetened	Evaporated (condensed unsweetened)	Milk powder (not sweetened)
	Pounds	Pounds	Pounds
1913	784	1,568	3,584
1914	112	1/	112
1915	2,903,712	15,883,952	2,809,296
1916	31,478,832	67,999,232	1,328,656
1917	34,098,624	65,735,488	382,144
1918	128,986,256	93,311,904	6,855,520
1919	194,487,216	110,684,224	7,022,624
1920	92,940,960	27,634,320	1,547,504
1921	11,148,368	63,956,480	1,985,424
1922	2,535,344	21,380,576	615,868
1923	1,774,304	37,443,728	402,080
1924	421,120	36,888,432	606,032
1925	74,704	31,526,768	405,216
1926	44,240	26,949,888	243,264
1927	52,640	27,364,512	298,704
1928	37,408	27,907,040	105,168
1929	38,640	17,721,760	245,056
1930	1/	11,998,224	1,228,304
1931	1/	18,514,272	9,188,256
1932	1/	6,686,960	1,532,160
1933	2/	2/ 429,786	2/ 12,694

1/ If any, included in "other countries" figures.
2/ Exports from the United States to the United Kingdom.

Swiss cheese imports giving way to increased domestic production

A continuously smaller proportion of the Swiss cheese consumed in this country is now imported. The table on the following page shows that since 1927, when total exports from Switzerland and exports to the United States

about equalled pre-war volume, both have fallen off, but exports to the United States the more markedly.

"One of the principal reasons domestic Swiss cheese has been at a disadvantage in competing with the imported product on the American market", according to Dr. O. E. Reed, Chief of the Bureau of Dairy Industry of the United States Department of Agriculture, "was the inability of American cheesemakers to make a uniformly high-grade product. Imported Swiss cheese is almost always of high quality because the lower grades are not sent to this country. Consumers of Swiss cheese have found that when they buy the imported product they always get good cheese. It is now possible, however, by following the Bureau's 'pure culture' methods of manufacture for the American cheesemakers to make Swiss cheese of as high quality as the imported cheese."

Cheese: Swiss production and exportation, and United States production of Swiss cheese and importation from Switzerland, 1913-1933

Calendar year	Switzerland: Cheese production	Switzerland: Total exports	United States: Production of Swiss cheese	United States: Imports from Switzerland
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1913	180,557	78,739	1/	20,124
1914	174,825	77,573	1/	18,154
1915	127,426	74,775	1/	12,429
1916	110,891	47,215	15,317	5,916
1917	71,429	12,861	15,435	2
1918	63,052	2,680	18,587	-
1919	2/	1,369	21,602	12
1920	84,887	3,202	20,430	802
1921	102,007	10,596	22,678	2,359
1922	122,027	46,152	19,983	12,011
1923	125,800	39,046	24,555	16,982
1924	141,420	43,776	21,844	13,632
1925	144,467	51,726	23,457	15,993
1926	155,984	61,972	20,883	16,736
1927	144,600	75,058	18,141	19,066
1928	156,064	62,695	16,718	18,564
1929	134,922	69,726	19,406	18,839
1930	124,339	66,143	26,393	3/17,947
1931	112,435	54,305	28,234	3/14,414
1932	109,569	43,700	25,533	3/11,728
1933		45,347		3/ 9,792

1/ Production by varieties first reported by Bureau of Agricultural Economics in 1916.
2/ Not available.
3/ Imports of Swiss or Emmenthal type separately classified beginning June 18, 1930, show imports from Switzerland included other varieties as follows: 1,487,454 pounds in 1931; 1,470,225 pounds in 1932; and 1,419,535 pounds in 1933.

Italian cheese industry severely depressed

Italian cheese still constitutes the bulk of the foreign cheese consumed in the United States. Cheese is the principal product of the Italian dairy industry. In Italy the consumption of milk has always been comparatively unimportant and butter production is not fully equal to the still moderate domestic consumption.

The dairy industry of Italy, as indeed the entire agricultural industry of that country, is now in a critically depressed condition. In a report as of December 15, 1933, Consul Homer Brett in Milan states that while the prevailing conditions may prove to be of a temporary nature, the present difficulties of the Italian dairy industry are real and serious.

Domestic cheese prices have not been affected as much as export prices by exchange rates, but since cheese formerly exported is now being thrown onto the domestic market, the resulting over-supply is bringing all prices down below the level at which production can be economically maintained. Cheese of the best brands of the Pecorino Romano variety sold in 1928, f.o.b. Genoa, at the equivalent of 54 cents a pound according to this report, but by March 1933 sold for 33 cents. By October 1933, owing largely to the decline in the exchange value of the currency in the United States, to which country this cheese is largely exported, the price had declined about 50 percent further than in March.

For the first 9 months of 1933 exports of Italian cheese dropped to 37,109,000 pounds from 47,573,000 pounds during the corresponding 9 months in 1932. Imports into the United States from Italy fell off from 31,166,000 pounds in 1932 to 24,693,000 pounds in 1933.

Less cheese exported from the Netherlands

Cheese exports from the Netherlands fell off materially in 1933. During the 11 months, January to November, exports amounted to 131,595,000 pounds against 158,813,000 pounds in 11 months of 1932, a decline of 18 percent. Belgium took practically the same quantities as in the previous year, while the decline was chiefly in exports to Germany, United Kingdom, and France.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London for one day each week during December and January to date, with comparisons

Market and description	1934					1933
	Jan. 4	Jan. 11	Jan. 18	Jan. 25	Feb. 1	Feb. 2
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92-score ...	18.0	20.0	20.2	20.0	23.8	17.5
San Francisco, 92-score	17.0	17.5	18.0	21.0	21.0	20.0
Montreal, No. 1 past.	25.4	25.1	24.1	-	26.3	17.4
Copenhagen, off.quot.	15.7	13.6	13.6	14.1	13.6	12.9
Berlin, 1-A qual.	43.2	42.4	43.6	43.4		19.9
London, Danish	21.8	19.5	19.4	19.7	19.0	17.0
London, New Zealand ..	15.2	14.9	14.7	15.0	14.7	12.0

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April

WORLD DAIRY PROSPECTS

Summary

The low prices prevailing in world butter markets during recent years have resulted in a notable increase in butter consumption within Europe generally together with a decline in consumption of margarine. Total exportation from European butter-exporting countries increased slightly during 1933 from the low level reached in 1932 and would apparently have increased more markedly but for the tendency to consume low-priced butter instead of margarine within those countries. British butter consumption per capita has increased steadily during the recent period of low prices to unprecedented volume while consumption within the United States has remained practically unchanged. In Great Britain, the usual consumption of margarine is larger than in the United States, providing a more elastic demand for butter, but consumption of butter has been less affected than in the United States by loss of purchasing power growing out of unemployment.

Some recovery of world trade in butter in 1933

Exportation of butter from important surplus-producing countries recovered slightly in 1933 from the low level reached in 1932. Exports from 13 countries amounted to 1,180,000,000 pounds, according to preliminary figures, against 1,163,000,000 pounds in 1932 and 1,210,000,000 pounds in 1931. Margarine consumption has been declining in European countries generally during the most recent years for which data are available, and more butter, consequently, is being consumed. But for this diversion of demand from margarine to low-priced butter, the surpluses from these countries would have been considerably greater in 1933. Canada, which for several years up to and including 1930 had been importing butter, has since developed a material surplus. The foreign trade of the United States continued through 1933 with its small volume of balanced imports and exports, neither of which has as yet disturbed the unique equilibrium between production and consumption in this country.

Importation of butter by six of the most important European countries amounted in 1933 to 1,161,000,000 pounds against 1,151,000,000 pounds in 1932 and 1,196,000,000 pounds in 1931. British imports for consumption were increased in 1933 by 68,000,000 pounds or 7 percent as compared with 1932. This increased quantity of imported butter was absorbed in Great Britain simultaneously with further decline in margarine consumption. In each of the other five countries importation was less in 1933 than in the 2 previous years. The course of trade in butter for 21 countries and consumption of margarine in 13 countries, mostly European, are summarized for recent years in the following tables.

Margarine: Apparent consumption in various countries, 1929-1933

Country	1929	1930	1931	1932	1933
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United Kingdom	634,991	546,462	423,632		412,000
Germany	1,052,900		1,182,588		1/
Netherlands	134,277	130,068	125,649	115,907	
Denmark	174,926	176,769	173,564	161,597	
Sweden	126,748	121,092	112,313		
Finland	25,181	20,770	16,428		2/
Belgium	104,494	95,739	78,065	59,974	75,594
Norway	104,276	104,329	104,602		
France				96,000	
Australia	22,588	25,057	21,393	19,188	
New Zealand			3,176	2,493	
Canada					3/
United States 4/	342,230	311,755	221,953	197,716	242,231

Division of Statistical and Historical Research.

1/ Compulsory restrictions in effect subject to further modification.

2/ Unofficial report that margarine consumption is to be reduced 50 percent in 1934 by government action from approximately 13,000,000 pounds in 1933.

3/ Manufacture or sale of margarine prohibited by law.

4/ Production as reported to Bureau of Agricultural Economics.

Butter: Exports and imports of principal European, Southern Hemisphere, and North American countries, by groups, 1925-1929 and 1931-1933

Country	Average 1925 - 1929		1931		1932		1933 1/	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Exporting:								
Denmark	310,967	1,886	378,423	1,596	347,882	923	336,422	
Netherlands	100,310	4,548	72,660	3,886	44,922	9,321	62,554	2/ 1,301
Sweden	37,607	133	43,045	39	29,866	32	37,755	
Finland	31,509	42	38,367	0	32,020	0	26,130	
Latvia	24,641	0	41,130	24	41,001	1	34,462	
Estonia	21,439	6	31,844	0	27,626	0	20,444	
Poland	17,426	350	27,470	32	2,707	866	3,547	
Russia	62,901	0	68,023	0	68,197	0 3/	76,466	
Norway	421	1,846	1,629	381	2,429	91	905	142
Irish Free State	58,409	6,215	42,307	3,324	36,931	2,632	45,232	22
Total 10 countries	665,630	15,026	744,898	14,282	633,581	13,866	643,917	
New Zealand	156,179	6	222,719	12	244,781	1	295,148	
Australia	100,464	3,448	191,014	1	229,105		211,626	
Argentina	50,410	7	51,167	6	55,915	6	29,585	
Total 13 coun.	972,683	18,487	1,209,798	14,301	1,163,382	13,873	1,180,278	
Importing:								
United Kingdom	1,465	647,350	869	863,365	1,238	911,846		979,867
Germany	275	249,016	269	220,946	478	153,262		130,396
Belgium	2,470	5,856	2,756	41,585	1,841	46,778		27,353
France	15,492	6,600	9,765	40,837	7,921	26,140	4/ 6,281	20,307
Switzerland	155	18,070	17	23,359	7	8,152		1,145
Italy	4,043	1,600	1,289	6,203	827	4,398		5/ 2,130
Total	23,900	928,492	14,965	1,196,295	12,312	1,150,576		1,161,198
Canada	1,180	38,606	10,680	2,821	3,506	238	4,437	1,377
United States	2,954	2,472	1,984	1,882	1,605	1,104	1,091	1,022
Total 21 coun.	1,000,717	988,057	1,237,427	1,215,299	1,180,805	1,165,791	1,192,087	1,165,062

Division of Statistical and Historical Research.

1/ Preliminary.

2/ 11 months. Corresponding figure 1932: 9,158,000 pounds

3/ " " " " " 66,113,000 "

4/ " " " " " 7,264,000 "

5/ " " " " " 3,583,000 "

Notable increase in butter consumption in Great Britain

A striking difference is apparent between the trends of butter consumption in the United States and in Great Britain where the great bulk of world supplies is consumed. Consumption per capita in the United States has remained quite stationary at 18 pounds during the last 10 years, which is practically at the pre-war level. In Great Britain, on the other hand, butter consumption per capita, which was about the same 10 years ago at 15 pounds as in the pre-war period, had been increased by 1933 to 23 pounds, an increase of fully 50 percent.

Since 1929, prices of comparable grades of butter have been generally higher in New York than in London. The exceptions have occurred principally in a few summer months, and the winter margins as between Danish in London and 92 score in New York at prevailing exchange rates have always been in favor of New York by 8 or 10 cents and as much as 13 cents. When comparison is made with New Zealand finest instead of Danish the margin is considerably wider.

Relative to the general price level, however, butter prices since 1929 have been higher each year in Great Britain than in this country and the consumption of butter has increased. Indexes based on 1926 as 100 for all commodities and for butter separately indicate that the general wholesale price level moved downward from 1929 at approximately the same rate in both countries, while butter prices declined far more in the United States, so that the ratio of butter prices to the general price level has been higher in Great Britain. And yet, during the 5-year period butter consumption per capita has been increasing steadily and very materially in Great Britain while remaining quite unchanged in the United States.

Butter prices have been low in Great Britain relative to prices of margarine and consumption of margarine has fallen off, according to best available estimates from 14 pounds in 1929 to 9 pounds in 1933. In the United States, where margarine consumption was less than 3 pounds per capita in 1929, the diversion of demand from margarine to butter was possible only on a much smaller scale with consumption having declined by 1932 to about half that of 1929.

Indexes and relatives of yearly average wholesale prices of all commodities, butter, and margarine in England and the United States, 1929-1933

1926 = 100

Year	England				United States			
	All commodities 1/	Butter 2/	Margarine 3/	Ratio of butter to all commod.	All commodities 4/	Butter 5/	Margarine 6/	Ratio of butter to all commod.
1929	92	100	98	109	95	101	103	106
1930	81	83	98	102	86	82	96	96
1931	70	71	98	101	73	64	58	88
1932	69	64	84	93	65	47	43	72
1933	68	57	82	84	66	49	38	74

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1/ Board of Trade index converted to 1926 base. 2/ London quotations on best Danish. 3/ London quotations from Weekly Price Current on packets of "Marigold" brand (high-grade). 4/ Bureau of Labor Statistics index converted to 1926 base. 5/ New York quotations on 92 score. 6/ Chicago quotations.

Butter prices had fallen to pre-war levels in Great Britain by 1931 as they had fallen somewhat earlier in the United States. The 50 percent increase in consumption per capita in Great Britain as against a practically unchanged rate in the United States resulted in part from the release of potential demand for butter from margarine, and, also, from a general purchasing power that was better maintained because of the provision of insurance and other regular compensation for those partly or entirely unemployed. In Great Britain, "the Unemployment Insurance Acts provide, subject to certain exceptions, for the compulsory insurance against unemployment of substantially all employed persons", according to the Ministry of Labour Gazette.

The abnormal concentration of world supplies of butter upon British markets during recent years resulting from the widespread restrictions upon importation into other countries which normally afforded alternative outlets has been referred to repeatedly in previous reviews. The extent to which the British market has been absorbing steadily increasing and unprecedented quantities of imported butter together with a domestic supply relatively small, but at least undiminished in these same years, is shown by the following figures compiled from official sources. Stocks held in storage were not reported officially prior to 1930, which is the first year, accordingly, for which consumption is calculated.

Great Britain: Production, importation, and consumption of butter, 1930-1933

Year ending Dec. 31	Domestic production 1/	Imports minus reexports	Reduction (added) or accumulation (subtracted) in storage stocks	Consumption: Total	Consumption: Per capita	Population 2/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Pounds	Thousands
1930	108,000	744,623	+ 4,973	857,596	18.7	45,948
1931	108,000	863,365	- 7,204	964,161	20.9	46,047
1932	108,000	911,846	-12,734	1,007,112	21.7	46,340
1933	108,000	979,867	+ 4,347	1,092,214	23.5	46,491

Division of Statistical and Historical Research.

1/ Census for 1930-31, year ended June 4, including 89,286,000 pounds produced in Great Britain and 18,648,000 pounds in Northern Ireland. The previous census for year ended June 4, 1925, gave production in Great Britain alone as 75,376,000 pounds.

2/ Official estimates except 1933.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London, for one day each week during February and March with comparisons

Market and description	1934 Feb. 8	Feb. 15	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29	Apr. 5	1933 Apr. 6
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92 score	25.5	25.5	1/26.0	26.5	27.2	24.8	24.0	23.5	23.8	19.2
San Francisco, 92 score	24.5	24.0	1/25.0	24.0	24.0	24.0	23.0	21.5	22.0	18.0
Montreal, No. 1 Past.	26.5	2/	2/	29.6	29.1	29.7	29.1	29.6	30.1	20.9
Copenhagen, off. quotation	13.8	14.9	16.4	16.4	14.6	14.8	14.8	14.1	13.6	10.0
Berlin, 1A quality	44.1	44.7	45.1	45.2	45.3	45.4	45.2	45.4	45.4	18.6
London Danish	19.7	20.9	22.6	22.4	20.8	20.9	20.7	21.1	19.6	13.8
" New Zealand	15.5	15.8	16.4	16.0	15.8	16.5	16.6	16.8	16.7	10.2

Division of Statistical and Historical Research.
1/Quotation as of February 21.
2/Quotation not available.

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WORLD DAIRY PROSPECTS

Summary

The consumption in Great Britain during recent years of unprecedented quantities of butter at prices yielding less than maximum total returns to producers may eventually culminate in a general restriction of imports if recent studies, official acts, and discussions are to be taken as indications. Great Britain now absorbs fully three-fourths of all the butter moving in international trade. Empire sources have come to provide about one-half of the butter now reaching British markets. Under the Ottawa Agreements Act of 1932, in effect until the end of 1935, restriction cannot be made compulsory, but thereafter, if it is considered necessary in the interest of British producers, quantitative regulation of supplies from all sources may be adopted. A recent Oxford University study of the elasticity of demand for butter in Great Britain concludes that maximum total returns to New Zealand suppliers would result from a proportioned reduction of one-third from the total supplies of 1933, involving a reduction of New Zealand supplies to about the 1930 level and total supplies to the level of 1928.

A discussion of the recent notable increase in consumption of butter, total and per capita, in Great Britain contrasted with a practically stationary per capita consumption in the United States in the previous issue of this series of reviews is supplemented by the following review of a valuable study of demand for dairy products in Great Britain that has since come to hand from the University of Oxford Agricultural Economics Research Institute. 1/

The market in Great Britain for milk and milk products, both home-produced and imported, has been increasing over a period of 40 or 50 years, and with marked rapidity during the last decade. Consumption of milk and milk products, in terms of milk, was estimated to have amounted in 1924-25 to 3,622,000,000 United States gallons, and in 1930-31 to 4,220,000,000 gallons, an increase in the 7-year period of 600,000,000 gallons, or 16.5 percent

1/ "The Effect of Butter and Cheese Supplies on 'Surplus' Milk Prices", by R. L. Cohen and K. A. H. Murray, published by the University of Oxford Agricultural Economics Research Institute, Parks Road, Oxford, December 1933.

Butter is by far the most important of the dairy products consumed in Great Britain when comparison is made in terms of their total milk equivalent. In 1930-31 of the total quantity of milk utilized, 57 percent was consumed as butter, 27 percent as fluid milk, 13 percent as cheese, and the remaining 3 percent in the form of cream, condensed and dried milks, and in other uses. Of the milk produced within Great Britain, on the other hand, approximately two-thirds is utilized as fluid milk. Following is a tabular statement of the consumption of domestically produced and imported dairy products in terms of their milk equivalent as estimated by the Institute.

Great Britain: Estimated total consumption of home-produced and imported milk and milk products, in terms of United States gallons of milk, 1924-25 and 1930-31

Product	Consumption			
	Total		Percentage home-produced	
	1924-25	1930-31	1924-25	1930-31
	Million gallons	Million gallons	Percent	Percent
Fluid milk	1,075	1,136	100	100
Cream	62	74	80	73
Butter	1,918	2,400	11	11
Cheese	503	549	23	30
Other products	64	61	73	75
Total	3,622	4,220	42	39

Under the conditions of supply, domestic and imported, as indicated above, the importance of Great Britain as a world butter market is apparent. With only about one-tenth of the total butter requirements domestically produced, any effectual control of the price of the product in the interest of home-producers must depend on the regulation of imports by the government.

Various measures already adopted by the British Government in the interest of domestic producers as reviewed by the Institute may be summarized briefly.

The departure of Great Britain from the gold standard in September 1931, was the first measure to affect imports, but owing to the fact that the majority of the butter imports come from "countries which remained on a sterling basis" the conclusion of those making the study is that this did not result in any material reduction in supplies.

On March 1, 1932, the Import Duties Act came into operation. Under this act, milk, cream, butter, cheese, and processed milks from foreign countries were subject to the general 10 percent ad valorem duty while Empire supplies were exempt.

Effective November 15, 1932, the tariff on some of the milk products was changed under the Ottawa Agreements Act as applying to foreign supplies with Empire supplies continuing to be exempted from the duties. On "foreign" butter the import duty was fixed at 15 shillings per 112 pounds equivalent at present exchange to 3.4 cents per pound and at present prices on Danish in London to about 18 percent ad valorem. These agreements are to be in effect until the end of 1935. Thereafter, if it is considered necessary in the interest of home producers, quantitative regulation of supplies from all sources may be adopted.

About 50 percent of all the butter now imported into Great Britain is from Empire sources, and accordingly exempt from import duty. Compulsory restriction of Empire supplies cannot be applied until present agreements expire at the end of 1935.

Voluntary restriction of butter supplies from New Zealand and Australia has been under serious discussion since the agreements reached at Ottawa failed to prevent continued increase in total butter supplies on British markets. If a sufficient rise in price could be assured to offset the decrease in volume of sales, total returns thus being maintained, it is not improbable that supplies might be voluntarily restricted.

It was primarily to examine the general assumptions on which such discussions were based that the Institute at Oxford undertook to study the relation of butter and cheese supplies to prices and to determine what volume of supply yields the maximum returns to suppliers. The study attempted to give guidance to New Zealand dairy interests particularly as to what effect restriction of their butter and cheese exports to the British market might have on their total returns. The results are significant to American dairy interests as the effect of total British supply on price bears on our foreign competition and demand.

An outstanding conclusion of the study is that maximum total returns to New Zealand producers would be received if total British supplies of butter amounting in 1933 to 1,092,000,000 pounds were reduced to about 728,000,000 pounds, involving a general reduction of one-third in supplies from all sources. This would bring supplies down to about the volume reached in 1928. Since supplies have been increasing each year since that time, British consumers must have been buying butter at prices lower than those which would have resulted in maximum returns to producers for about 5 years. It is at this level of 728,000,000 pounds that a 1 percent change in supply produces a 1 percent change in price, when the price is that of salted butter adjusted to eliminate changes in purchasing power. The study shows that the elasticity of demand for butter in Great Britain varies at different levels of supply. It takes a greater percentage change in supplies to cause a 1 percent change in this price when supplies are small than when they are large. At the 1933 level of supply it is calculated that a change of only 0.33 percent in supplies would be necessary to cause a 1.00 percent change in price.

Applying these results to the current problem of restriction of supplies, it appears to be conclusive that it would pay New Zealand to limit butter exports to the British market to that point at which a decrease in supplies no longer led to a proportionate rise in price, only if it were

provided that all other suppliers cut their quantities proportionately. Even under this condition, New Zealand would receive maximum returns only by reducing exports to the British market from 281,000,000 pounds, the quantity shipped in 1933, to about 189,000,000 pounds which is only slightly above the 1930 level of 175,000,000 pounds.

The actual quantitative conclusions drawn are admittedly subject to qualification on two accounts specifically mentioned in the report. (1) The effect of the relationship between prices of butter and margarine was not included in the study as a separate factor affecting elasticity of demand for butter. (2) The modification of purchasing power by payments to insured workers under the various and general unemployment insurance provisions in Great Britain were not included in the calculation of the index of purchasing power, but total money value of wages only. These are admittedly important qualifications, although the authors claim that the results are qualitatively significant and accurate.

The significance of the two factors noted is discussed in the previous review of this series to which reference has already been made, and it is believed that the two reports taken together give a comprehensive review and analysis of the present critical position of the British butter market.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London, for one day each week during May with comparisons

Market and description	1934					1933
	Apr.12	Apr.19	Apr.26	May 3	May 10	May 11
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92 score	23.0	23.2	25.0	25.0	24.5	23.2
San Francisco, 92 score ...	19.0	22.0	22.0	21.5	21.0	23.0
Montreal, No. 1 past.	25.8	23.6	21.2	18.5	1/	16.5
Copenhagen, off. quot.	13.3	12.5	12.7	12.9	13.2	12.3
Berlin, 1A quality	46.6	44.7	44.8	1/	1/	24.7
London -						
Danish	19.3	18.9	18.8	18.7	18.9	16.8
New Zealand	16.2	16.1	16.2	16.8	17.2	14.1

1/ Not available.

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WORLD DAIRY PROSPECTS

Summary

World markets for dairy products present a rather striking contrast between continued depressing supplies abroad and recent serious curtailment of domestic supplies.

Concentration of foreign supplies upon the already depressed British market continues as an outgrowth of widespread national control measures designed by various governments to protect and aid the dairy industry.

Even Denmark is now attempting to enhance the domestic price by means of a tax on all butter sold within the country.

Australia has entirely reorganized its scheme of dairy control. The Paterson Plan, is now superseded by new state and commonwealth legislation which gives complete control of the marketing of butter to the Commonwealth Dairy Produce Equalization Committee, Ltd. Under the administration of the Equalization Committee the entire output is to be pooled, uniform prices fixed, and each producer compelled to bear a proportionate share of the lower prices prevailing in outside markets.

In the United States production is being seriously curtailed and the price of butter well-maintained at a season when price decline is normal. Stocks moving into storage have thus far been less than normal.

Domestic and foreign situation in striking contrast

In contrast with the United States where domestic production of butter has been checked by serious drought, prices are rising unseasonably, and supplies moving into storage are subnormal, Great Britain is still receiving butter supplies of unprecedented volume, prices are but little above the low level of the winter months, and storage stocks are heavy.

British imports minus reexports amounting in 1933 to 979,867,000 pounds exceeded those of 1932 by 68,000,000 pounds. Still further increase over corresponding months of 1933 is shown in the importation of 376,634,000 pounds of butter during the first 4 months of this year, the increase amounting to 45,000,000 pounds or 14 percent. Arrivals from Southern Hemisphere sources alone in May were estimated during the month as likely to amount to approximately 50,000,000 pounds or about 17 percent more than in May 1933, and shipments afloat as of May 24 amounted to 52,176,000 pounds against 43,336,000 pounds a year earlier. Stocks of butter in cold storage in Great Britain amounted to 64,000,000 pounds on May 12 against 55,000,000 pounds a year earlier and 26,000,000 pounds 2 years earlier.

The present margin of 7.5 cents between the price of finest New Zealand butter in London and 92 score in New York is a slightly wider June margin than has prevailed in any recent year. Last year the margin in early June had become nearly as wide, but in the latter half of 1933 British exchange on our depreciated currency resulted in an upward movement in London prices, in terms of our money, more substantial than the movement of domestic prices. By October, prices, expressed as their equivalent in our currency at prevailing exchange, were practically the same on Danish in London as the New York price on 92 score and 2 cents lower on New Zealand. Throughout the fall and winter season, when these margins tend to be widest, they remained the narrowest in any year since 1924-25. The New York price in January averaged 20 cents or slightly less than in the preceding April. London prices of New Zealand butter had again declined, averaging 16.5 cents in January.

London prices have advanced to date only moderately, and any such "artificial" advance in London prices as occurred last year, together with a winter decline in domestic prices, is hardly to be anticipated this year. On the contrary, present tendencies indicate a domestic shortage of butter and a continuance of pressure of supplies upon the British markets. The following table indicates a movement similar to the more normal movement of 1932 as against last year and the very substantial margin now prevailing for this time of the year.

Butter: Monthly average price per pound of 92 score in New York and of finest New Zealand in London, January 1932 to date 1/

Month	1932			1933			1934		
	New York	London	New York over London	New York	London	New York over London	New York	London	New York over London
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Jan.	23.6	16.2	7.4	19.8	13.2	6.6	19.8	16.5	3.3
Feb.	22.5	17.2	5.3	18.6	13.0	5.6	25.4	17.0	8.4
Mar.	22.6	18.9	3.7	18.2	12.7	5.5	25.4	17.7	7.7
Apr.	20.1	19.2	0.9	20.7	12.1	8.6	23.7	18.0	5.7
May	18.8	17.2	1.6	22.5	15.0	7.5	24.5	2/18.6	5.9
June	17.0	16.9	0.1	22.8	16.0	6.8			
July	18.2	17.4	0.8	24.5	17.7	6.8			
Aug.	20.3	17.8	2.5	21.3	19.1	2.2			
Sept.	20.8	18.6	2.2	23.6	22.3	1.3			
Oct.	20.7	18.1	2.6	24.0	22.2	1.8			
Nov.	23.2	15.3	7.9	23.6	21.4	2.2			
Dec.	34.1	13.7	10.4	20.1	17.8	2.3			

1/ Conversions to United States currency at prevailing rates of exchange at New York on London.
2/ Three weeks' quotations.

World butter market depressed by national control measures

Increasing attention is being drawn to the widely varying prices of butter prevailing in different countries growing out of efforts on the part of governments to protect and aid the dairy industry during the recent years of general depression.

The situation is summarized by the Swiss Farmers' Union in their first quarterly report for 1934 on the International Market of Milk and Dairy Produce. "In most of the former importing countries, imports are being curtailed, whereas all the exporting countries do their utmost in order to force or help export through state subsidies, premiums, and freight reductions. These last months butter prices reached a lower level than had ever been the case since long years. In almost all the world markets supply is far in excess of demand and the steady increase of stocks on cold storage is a cause of great sorrow".

Since December 15, 1933, a tax amounting to about 3.5 cents per pound on all butter sold in Denmark has been in effect, the purpose of which was to enhance the inland price of butter. Replying to inquiries made recently in the British House of Commons as to whether this and similar price-raising schemes, notably in the Netherlands and Baltic States, did not in reality constitute "dumping" on world markets, the Danish Butter Journal of May 18 explains that since Denmark exports from four to five times the quantity of butter consumed at home, neither that country nor indeed others adopting similar practices can be

accused rightly of doing more than attempting to realize prices approaching cost of production.

Australian dairy control reorganized

Australia is now in a unique position to control foreign sales of butter and appears as one of the most likely sources of a cheap foreign supply for the United States if this country should buy abroad next fall or winter.

Too much significance can hardly be attached to the organization just now completed of the Australian dairy industry on a national scale through Commonwealth and State legislation in the interest of the further stabilization of the Australian dairy industry.

Complete control of the marketing of butter is placed in the hands of the newly created Commonwealth Dairy Produce Equalization Committee, Ltd.

The scheme to be administered by the Equalization Committee is on a federal or national basis intended to supersede the Paterson Plan which "is gradually passing out of existence through the increasing proportion of butter exported".

By means of this reorganization, Commonwealth pools for butter are to be created and uniform prices are to be fixed. In broad outline, the principal provisions of the new legislation give the Equalization Committee the following powers and functions.

A quota equivalent to Australia's requirements is to be determined. Each state is to be permitted to sell on the local market an equitable proportion of its production, and adjustments will be made in the case of states selling butter in greater or lesser quantity than that proportion.

The new scheme will take the place of the Paterson scheme and at the same time will provide for interstate price stabilization.

The general principle underlying the legislation is that each producer should be compelled to export an equal proportion of his product, and thus bear a fair share of the lower prices prevailing overseas. This objective can be secured only by cooperation between State and Federal legislation. The representatives of the dairy industry had put forward these proposals with the object of superseding the Paterson Plan, the effectiveness of which has gradually been reduced because of the larger amount of butter being exported, and also because of the fact that certain factories refuse to pay the levy, and the production of farm-made butter not subject to levy is increasing.

In states where the local consumption is heavy, and export quota requirements are not fulfilled, the state stabilization committee will pay to the Commonwealth committee the difference between the export parity price and the local price on the quantity of butter in excess of the local consumption quota that is sold within the state.

Since 1928 our Government has required that Australian exporters of butter pay a countervailing additional duty on butter shipped to this country equal to the amount of the bounty paid under the Paterson Plan. It appears that the reorganization of export control removes the basis for this additional levy on Australian butter.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London, for one day each week during June with comparisons

Market and description	1934				1933
	May 17	May 24	May 31	June 7	June 8
	Cents	Cents	Cents	Cents	Cents
New York, 92 score	24.5	24.0	24.4	24.9	22.5
San Francisco, 92 score..	22.0	21.0	22.0	22.0	23.0
Montreal, No. 1 past.	20.4	19.9	21.1	22.0	16.2
Copenhagen, off. quot.	14.0	14.2	13.8	13.7	12.3
Berlin, 1A	1/45.0	1/45.0	1/45.0	1/45.0	27.2
London, Danish	19.8	20.1	19.4	19.4	16.8
London, New Zealand.....	17.7	17.6	17.4	17.4	15.1

1/ Based on recent fixed price of 125 M. per 50 Kg. not fully confirmed as applying to date.

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D-91 July 27, 1934

WORLD DAIRY PROSPECTS

Summary

Foreign prices of butter continue much lower than is usual at this season in relation to domestic prices. Foreign and domestic price relationships a year ago afford the only recent parallel to those now prevailing.

As affecting prospects of foreign competition in our markets, however, conditions are at present very different and the parallel with last year is more apparent than real. Importation of butter last winter was discouraged by the development of a marked depreciation in our currency combined with a less than normal advance in domestic butter prices.

The tendency toward the lessening of domestic butter supplies and the continuous marked increase in supplies converging on British markets would indicate probable diversion of foreign butter to United States markets, if prevailing exchange relations as between the dollar and the pound sterling remain stable.

Dairy interests in New Zealand and Australia are expressing growing concern for the future of their butter market in Great Britain and the need of developing alternative outlets.

Butter prices have declined about equally in New York, London, and Copenhagen, during the past month. The margin of New York over New Zealand in London, accordingly, continues approximately at 8 cents and the margin over Copenhagen at 11 cents. At this season last year, these margins were practically the same as now prevail.

Last year, however, our currency was in process of depreciation in relation to the British pound sterling, which, though also depreciated, was still enhancing in value in terms of our further depreciated dollars. London butter prices, accordingly, when converted from shillings to cents were higher by the amount of the dollar depreciation that was reflected in the foreign exchange market.

London: Monthly average prices of finest salted New Zealand butter in original quotations and United States equivalent at prevailing exchange rates in New York on London, January 1932 to date

Month	1932 Shillings per cwt.	1932 Cents per lb.	Exchange rate New York on London	1933 Shillings per cwt.	1933 Cents per lb.	Exchange rate New York on London	1934 Shillings per cwt.	1934 Cents per lb.	Exchange rate New York on London
			Dollars			Dollars			Dollars
Jan.	106.0	16.2	3.43	88.0	13.2	3.36	73.2	16.5	5.05
Feb.	111.2	17.2	3.46	85.0	13.0	3.42	75.5	17.0	5.03
Mar.	116.4	18.9	3.64	83.0	12.7	3.43	77.8	17.7	5.09
Apr.	114.5	19.2	3.75	75.6	12.1	3.58	78.2	18.0	5.15
May	104.2	17.2	3.68	85.2	15.0	3.93	82.5	18.8	5.11
June	104.0	16.9	3.65	86.8	16.0	4.14	84.2	19.0	5.05
July	110.0	17.4	3.55	85.4	17.7	4.65			
Aug.	114.5	17.8	3.48	95.2	19.1	4.50			
Sept.	120.2	18.6	3.47	107.0	22.3	4.66			
Oct.	119.5	18.1	3.40	106.6	22.2	4.67			
Nov.	104.8	15.3	3.28	93.0	21.4	5.15			
Dec.	93.7	13.7	3.28	78.0	17.8	5.12			

Thus, London prices which are normally comparatively low during the winter months actually advanced last year in cents per pound, tending to narrow the margin under New York. In April of last year quotations on finest salted New Zealand butter averaging 75s 6d per hundred weight (of 112 pounds) were equivalent to 12.1 cents per pound at prevailing exchange, whereas in December an average of 78 shillings resulted in a converted price of 17.8 cents. In addition, domestic prices failed to make the usual seasonal advance and price margins in favor of New York over London were much narrower during the winter months than they had been in the summer.

Present price relationships are about as they were last summer, being in both years abnormally wide for this "winter" season of light supplies from Southern Hemisphere sources. But with the prevailing identical price margins,

the similarity of the situation ends as affecting the prospect for the coming fall and winter months. Aside from the unlikelihood of a repetition of the abnormal exchange relations, indications are that domestic supplies will be light and foreign supplies increasingly heavy.

Within the United States severe drought has already resulted in lessened butter production, the output of creamery butter in May and in the 5 months, January - May, having been nearly 9 percent less than in the same periods of last year; total stocks of butter on July 1 amounted to 70,249,000 pounds against 106,400,000 pounds a year earlier; dairy pasture conditions as of July 1 were the lowest on record for that date; and the movement of butter into trade channels is apparently less than last year.

World supplies of butter reaching British markets, on the other hand, continue to increase. Quantities actually consumed within the United Kingdom with its population of approximately 46,000,000 have increased during the last 5 years by more than 1 pound per capita per year, as shown below. And supplies, home-produced as well as imported, continue to increase.

United Kingdom: Imports of butter by months, January 1928 to date, reexports and quantities retained for consumption by years, 1928 - 1934

Month	1928	1929	1930	1931	1932	1933	1934
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Jan.	59,019	67,529	72,019	75,645	79,654	83,472	100,793
Feb.	65,335	53,986	58,655	66,879	81,527	70,180	88,463
Mar.	69,932	67,870	63,488	63,009	73,470	92,821	105,268
Apr.	51,746	67,797	65,425	75,195	67,081	85,698	82,271
May	53,472	71,227	68,171	80,994	77,882	85,894	111,252
June	70,790	68,379	76,492	84,738	87,690	95,511	
July	67,894	67,564	60,603	90,528	90,038	81,934	
Aug.	65,570	58,982	60,875	73,698	77,603	91,682	
Sept.	36,577	41,642	55,668	66,879	78,469	71,968	
Oct.	46,224	42,302	57,735	71,785	62,780	67,240	
Nov.	49,528	49,923	51,667	66,832	75,586	71,790	
Dec.	49,445	60,342	73,986	87,788	94,522	91,511	
Total	685,532	717,543	764,784	903,970	946,302	989,701	
Reexports	18,422	13,744	19,912	39,362	34,208	9,599	
Retained for consumption....	667,110	703,799	744,872	864,608	912,094	980,102	
Increase over previous year		36,689	41,073	119,736	47,486	68,008	

Accounts relating to the Trade and Navigation of the United Kingdom.

An increasing difference between the prices of Danish and New Zealand butter on the London market is associated with the increasing proportion of New Zealand butter in the total imported supply of Great Britain, as indicated below:

United Kingdom: Imports of butter, total, and from New Zealand and Australia, 1928 - 1933, and January - May 1933 and 1934

Year ending Dec. 31	United Kingdom	From New Zealand	From Australia	From New Zealand and Australia	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Per-cent
1928	685,532	136,895	97,763	234,658	34
1929	717,543	146,025	86,035	232,060	32
1930.....	764,784	175,851	106,574	282,425	37
1931.....	903,970	215,668	174,491	390,149	43
1932.....	946,302	239,711	201,092	440,803	47
1933.....	989,701	281,394	189,677	471,071	48
Jan.- May 1933	417,961	124,856	114,147	239,003	57
Jan.- May 1934	487,852	160,363	127,434	287,797	59

London: June average price, per pound of best Danish and finest New Zealand, 1926 - 1934

Item	1926	1927	1928	1929	1930	1931	1932	1933	1934
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Danish.....	38.8	37.6	38.6	37.9	30.5	26.4	17.4	17.7	20.7
New Zealand	38.8	37.4	38.4	38.0	29.8	25.5	16.9	16.0	19.0
Difference	-	.2	.2	-.1	.7	.9	.5	1.7	1.7

Quotations as published in Agricultural Market Report, Ministry of Agriculture and Fisheries and converted at prevailing exchange rates.

The comparatively low price of New Zealand butter particularly in the last 2 years, is attributed directly to the relative increase in supply in a study published by the Department of Economics of Canterbury College (The Dairy Marketing Problem, Bulletin No. 112 Christchurch, May 1934).

The most material increase in Danish over New Zealand, however, coincides also with the placing of an import duty on all non-Empire butter early in 1932 (effective March 1) amounting to 10 percent ad valorem and increased as of November 15, 1932, to 15 shillings per 112 pounds, amounting now to about 3.4 cents per pound.

The New Zealand economists who made the study referred to above state, however, that "A survey of the trend of dairy production up to the present does not suggest that low prices will restrain production within the limits that our markets can be expected to absorb". They point to the fact that in the 5 years, 1928-1933, New Zealand exports of butter have more than doubled, and conclude that "the rates of increase in production that have prevailed in the past can, therefore, be continued only with expanding markets".

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London, for one day each week during June, with comparisons

Market and description	1934						1933
	June 14	June 21	June 28	July 5	July 12	July 19	July 20
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92-score....	24.9	25.0	24.5	24.5	24.0	24.0	25.0
San Francisco, 92-score	22.0	23.0	23.0	23.0	23.0	23.0	25.0
Montreal, No. 1 past.	21.2	19.8	19.3	19.1	18.9	18.9	1/
Copenhagen off. quot.	13.7	13.7	13.7	13.3	13.3	13.7	15.2
Berlin, 1A quality	43.1	43.2	43.5	43.4	43.4	44.2	35.5
London, Danish... ...	19.4	19.3	19.4	18.9	18.9	19.4	19.9
London, New Zealand ...	17.9	17.5	17.0	16.6	16.5	16.5	16.4

1/ Quotation not available.

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D-92

August 25, 1934

WORLD DAIRY PROSPECTS

Prices of butter have advanced about equally in important foreign and domestic markets during the past month. Seasonal advance is normally more marked at this time in London than in New York, but severe drought has affected domestic supplies abnormally this summer. Drought in Europe has had less effect upon current British supplies than has the seasonal decline from Southern Hemisphere sources. Accordingly, it is to be expected that the margin of the New York price over London will widen further in the later fall and winter months.

During the first half of this year, domestic production of creamery butter is estimated to have been 10 percent less than in the first half of last year, while world supplies converging on British markets were increased 17 percent. Storage stocks of butter in the United States are the lightest in years and British stocks are unusually heavy.

World supplies of cheese have not been concentrated in British markets as have butter supplies, and the total movement in international trade has been decreasing steadily over a period of great expansion in world trade in butter. Prices have been better maintained up to June 1934 on cheese than on butter in both domestic and British markets. Imports of cheese into the United States have fallen off steadily during the past 5 years from all of the important sources.

Copenhagen and New York butter prices up to August 16 had made practically the same advance from a month earlier. Copenhagen, at the equivalent of 18.1 cents was 4.4 cents higher than on July 19 and New York at 28.5 was 4.5 cents higher. Drought, although prevalent in many European countries, has contributed less to the rise in European markets than in the United States. Some rather marked seasonal advance following the peak of European production and preceding the arrival of "spring" supplies from the Southern Hemisphere is to be expected each summer and the current advance in Copenhagen and London is quite normal. Later, seasonal price decline is to be expected in London which, together with seasonal advance in domestic prices, results usually in the prevalence of the widest margins of the year as between London and New York.

Curtailment in domestic creamery butter production is now estimated to have amounted, during the first 6 months of 1934, to 10 percent below the like period of last year. Foreign butter supplies converging upon British markets have continued to increase thus far this year as compared with last year. Imports into the United Kingdom during the first 6 months of 1934 amounted to 600,473,000 pounds against 513,466,000 pounds in the corresponding period of 1933 and 467,304,000 pounds during 6 months of 1932.

Stocks of butter held in cold storage in the United States on August 1 amounted this year to 108,742,000 pounds compared with 150,934,000 pounds last year and an average for that date in the previous 5 years of 134,597,000 pounds. Stocks in Great Britain and Northern Ireland are heavy, amounting on July 21, 1934 to 106,474,000 pounds against 73,889,000 pounds on July 22, 1933, and 49,592,000 pounds on July 23, 1932.

World trade in cheese has declined steadily in recent years. Between 1925-1929 and 1933 imports of all cheese into the United Kingdom increased from 331,101,000 pounds to 338,069,000 pounds or 2 percent, as compared with an increase of 41 percent in imports of butter retained for consumption. Imports during the first 6 months of this year amounting to 173,102,000 pounds of cheese are slightly less than in the corresponding period of last year, while butter imports of 600,473,000 pounds exceed those of the corresponding period of 1933 by 87,000,000 pounds or 17 percent.

Lessened importation into the United States and Germany has accounted chiefly for decline in exports of the European types of cheese as Dutch, Swiss, and Italian, while trade in the American or cheddar type cheese from New Zealand and Canada has been well maintained, principally with Great Britain, decline in Canadian exports having been balanced by increase in exports from New Zealand.

Prices have been better maintained on cheese than on butter in the domestic market and in foreign markets generally. Direct comparison of prices as between the domestic and competing markets is not so readily made on all types of cheese as on butter, but, in general, outside prices of cheese are relatively well maintained. On American or cheddar type cheese London prices for June averaged 14.5 cents on Canadian and 11.5 cents on New Zealand against 12.0 cents on American Twins in Wisconsin, not materially different in either case from a year ago. Official index numbers of prices of agricultural produce in Great Britain based on 1911-1913 as 100 show all products for June 1934 as averaging 110 with butter at 87 and cheese at 108. In the United States, this Bureau's index of all farm prices, based on prices in August 1909 to July 1914 as 100, stood at 77 in June 1934, while the wholesale price of 92 score butter in New York and of American Twins cheese in Wisconsin, based on pre-war prices and adjusted for seasonal variation, stood at 88 on butter and 91 on cheese.

Cheese: Exports and imports of principal European and non-European countries, 1925-1929 and 1931-1933

Country	Average 1925-1929		1931		1932		1933	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Principal exporting countries								
Netherlands	198,043	1,292	190,457	1,346	170,059	1,075	140,900	809
Italy	76,435	9,818	89,045	10,115	66,397	8,806	52,563	9,952
Switzerland	64,236	3,538	54,305	8,470	43,700	4,756	45,321	3,781
Denmark	14,740	972	9,383	603	14,535	129	22,218	77
Finland	5,951	42	5,777	34	7,225	26	9,207	33
Total 5 coun.	359,405	15,662	348,967	20,568	301,916	15,492	270,209	14,652
New Zealand	171,975	4	183,271	5	200,528	2	222,313	35
Canada	120,606	3,419	84,788	1,446	86,940	1,167	74,168	968
Australia	6,724	1,212	7,412	24	15,415	214	10,911	57
Total 8 coun.	658,710	20,297	624,438	22,043	604,799	16,875	577,601	15,712
Principal importing countries								
United Kingdom	4,509	331,101	4,047	319,916	4,011	333,502	6,155	338,069
Germany	3,311	149,025	7,372	120,403	4,337	108,636	3,876	90,923
Belgium	1,173	38,709	813	49,550	554	45,660	348	48,378
France	31,257	37,037	28,824	69,580	29,210	52,267	25,034	46,105
United States	4,350	75,630	1,673	61,904	1,408	55,623	1,409	48,398
Total 13 coun.	703,310	651,849	667,167	643,413	644,219	612,613	614,423	587,585

The steady falling off in importation of cheese into the United States is indicated below.

Italy is by far the largest exporter of cheese to the United States, somewhat more than one-half of our cheese imports in recent years having been of Italian origin. The decline of one-third since 1928 in our imports of Italian cheese appears not to have resulted in any marked degree from the increase, effective June 18, 1930, in our tariff from 5 cents to 7 cents per pound, or from not less than 25 percent to not less than 35 percent ad valorem.

No current estimates of cheese production are reported from Italy. The production is repeatedly reported as approximating 550,000,000 pounds annually, and was so reported in The Italian Exporter of February 1934.

Imports from Switzerland have fallen off by a half from the volume of 1928 and 1929, although on Swiss or Emmenthal cheese the tariff which had been increased to 7½ cents, or not less than 37½ percent ad valorem, effective July 8, 1927, was actually slightly lowered by the Tariff Act of June 17, 1930, making the 7-cent rate apply to all cheese. Imports of cheese of the Swiss or Emmenthal type have declined from 15,683,108 pounds in 1931 to 11,697,756 pounds in 1932, and 10,724,473 pounds in 1933. Production of cheese in Switzerland had declined from 134,922,000 pounds in 1929 to 109,569,000 pounds in 1932, while factory production of butter had been increased from 34,612,000 pounds to 50,483,000 pounds.

The total exportation of cheese from Switzerland which had declined from 69,726,000 pounds in 1929 to 43,700,000 pounds in 1932 increased in 1933 to 45,321,000 pounds. According to a census in 1933, there was 913,000 cows in Switzerland, an increase over 1931 of 5.1 percent.

United States: Imports of cheese, by countries, 1928-1933

Country	1928	1929	1930	1931	1932	1933
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
France	6,663	5,948	4,983	4,485	4,279	3,174
Greece	2,788	2,071	1,830	1,122	1,098	1,937
Italy	38,008	32,602	33,258	32,570	31,176	24,693
Netherlands	3,712	3,196	2,541	2,525	2,326	2,013
Switzerland	18,564	18,839	17,947	14,442	11,728	9,792
Canada	7,488	8,279	3,143	1,511	606	1,028
Argentina	140	165	196	233	620	840
Finland	411	400	408	799	428	1,262
Germany	895	1,116	1,116	1,953	1,014	759
Norway	607	847	722	660	532	547
Denmark	655	795	742	774	788	1,425
United Kingdom	145	140	382	147	65	114
New Zealand	339	687	1/	0	1	1/
Others	988	1,297	1,043	770	962	813
Total	81,403	76,382	68,311	61,991	55,623	48,397

1/ Less than 500 pounds.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin and London, for one day each week during August, with comparisons

Market and description	1934					1933
	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 17
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92-score	24.0	24.0	26.0	27.0	28.5	19.2
San Francisco, 92-score	23.0	23.0	23.0	26.0	27.0	19.2
Montreal, No.1 past.	18.9	19.4	19.5	18.8		17.1
Copenhagen off.quot.	13.7	16.3	18.4	17.8	18.1	16.0
Berlin, 1A quality	44.2	43.5	45.6	46.2	46.6	34.7
London, Danish	19.4	22.5	24.3	23.8	23.5	21.2
London, New Zealand	16.5	17.6	17.8	18.5	18.3	18.4

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D-93 September 29, 1934

WORLD DAIRY PROSPECTS

European butter prices with the important exception of colonial butter in London, have been better maintained during recent weeks than have domestic prices. As compared with New Zealand in London, however, the domestic decline has been much less steady.

The new seasonal year of dairy production is well begun in both New Zealand and Australia under conditions fully as favorable as a year ago. Supplies reaching British markets from those countries are now, however, at about their minimum for the year. The peak of supply from those and other Southern Hemisphere sources usually occurs in December or later.

Domestic dairy production continues less even than a year ago when drought conditions seriously affected output, stocks of butter are comparatively light, pasture conditions as of September 1 were still far below normal, and prospects are that domestic production may continue low at least until the next pasture season.

Butter supplies reaching British markets, on the other hand, continued during the first 7 months of this year the steady increase of recent years, amounting to the new record for that period of 707,476,000 pounds against 595,399,000 pounds last year and 557,341,000 pounds 2 years earlier. In July alone 108,132,000 pounds were imported.

Stocks of butter held in cold storage in Great Britain, which had reached the record volume of 105,572,000 pounds on August 4, showed the first reduction for the season on August 18 when they amounted to 104,009,000 pounds against 69,350,000 pounds on August 19, 1933, and 48,234,000 pounds on August 20, 1932.

European supplies which had been running well above those of a year ago until checked by drought in July are again recovering somewhat in comparison with the previous year but declining seasonally.

From Southern Hemisphere sources, shipments afloat, principally to the United Kingdom, amounted as of September 6 to 23,518,000 pounds against 21,375,000 pounds a year earlier.

Butter importation into Germany continues to decline

Imports of butter into Germany, which amounted during 1925-1929 to a yearly average of 249,016,000 pounds, have fallen off steadily from 220,946,000 pounds in 1931 to 153,262,000 pounds in 1932, and to 130,396,000 pounds in 1933. During the 7 months, January - July they continued to decline from 69,282,000 pounds last year to 56,985,000 pounds this year. Domestic production, which in Germany amounts to more than 1,000,000,000 pounds yearly, is officially estimated to have been about 15 percent greater during the first 6 months of this year than last. Import control continues to be maintained so that the high domestic prices as quoted in the summary of

international market prices given below cannot directly affect the quantities exported to that formerly great world market.

Denmark produces less butter and more cheese

The total production of butter in Denmark is now estimated officially to have declined from 414,400,000 pounds in 1932 to 406,000,000 pounds in 1933. Cheese production, on the other hand, was increased from 57,600,000 pounds to 68,800,000 pounds. The maximum butter output was reached in 1931 when 430,000,000 pounds were produced, while the 1933 cheese production is the largest on record. The total number of cows, 1,774,000 and the average number per "dairy" or creamery, 1,156, were both larger than last year, but the average milk yield per cow is estimated to have declined from 6,706 pounds to 6,574 pounds. Domestic consumption of butter was further increased in 1933 from 66,000,000 pounds to 75,000,000 pounds. Exports according to official reports actually amounted to 336,000,000 pounds but were still materially less than in 1932 when 348,000,000 pounds were exported.

The cost of milk production fell about 4 percent between 1932 and 1933, but the average price obtained by farmers fell about 7.5 percent, according to the 37th annual report from the Danish Dairy Statistics Office from which has been drawn the data for most of the above comparative statements. The total exportation of butter during the 7 months, January - July, has amounted this year to 203,534,000 pounds against 199,492,000 pounds last year.

A scheme for reducing butter production similar to that now in operation for reducing bacon production is to be considered by the Danish Government according to a recent statement by the Danish Minister for Agriculture.

New season somewhat belated in Australia

Australian butter production as indicated by gradings during the new seasonal year beginning July 1 to date has been considerably above that of the corresponding period of the previous season, but the early part of that season was unusually unfavorable to production. Last year, recovery set in after the unfavorable conditions of the first quarter, and it was during the last half of the seasonal year that the record output for that year was made. Following is a summary of gradings by quarters for the past three seasons, July 1 to June 30, and comparative figures for the new season to date of latest information, as published by the Imperial Economic Committee.

Australia: Gradings of butter, 1931-32 to 1934-35

Period	1931-32	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
July 1 - Sept. 30	31,795	37,256	21,898	
Oct. 1 - Dec. 30	73,221	92,351	99,055	
Dec. 31 - Mar. 31	58,518	70,551	85,326	
Apr. 1 - June 30	38,642	22,012	39,158	
Total 12 months	202,176	222,170	245,437	
July 1 - Sept. 1			10,046	14,459

Season begins favorably in New Zealand

In New Zealand, as in Australia, the low point of winter production has now been passed and output is already running above that of the corresponding period of the previous season. Weather conditions at this time will be of particular importance in determining the level of production for the new season. The output as indicated by gradings is shown below for the past 2 seasonal years.

New Zealand: Monthly gradings of butter and cheese, 1932-33 and 1933-34

Month	Butter		Cheese	
	1932-33	1933-34	1932-33	1933-34
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Aug.	9,424	13,223	968	1,431
Sept.	20,046	26,555	8,051	10,716
Oct.	33,631	39,381	22,985	27,704
Nov.	42,335	46,007	33,813	34,586
Dec.	42,197	45,687	35,352	34,366
Jan.	34,787	41,411	30,737	31,629
Feb.	29,559	31,067	24,716	26,230
Mar.	29,864	31,031	26,477	25,334
Apr.	21,797	20,337	20,617	20,713
May	13,308	10,969	15,039	12,963
June	5,302	4,207	5,121	5,058
July	3,969	4,229	1,958	1,216
Total	286,269	314,104	225,834	232,246

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London, for one day each week during September, with comparisons

Market and description	1934					1933
	Aug. 23	Aug. 30	Sept. 6	Sept.13	Sept.20	Sept. 21
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92 score.....	28.0	27.5	26.0	24.8	26.0	24.0
San Francisco, 92 score	28.0	28.0	27.0	27.5	28.0	20.0
Montreal, No.1 past.	19.4	19.5	19.2	20.5	20.1	19.3
Copenhagen, off. quot.	18.8	17.9	18.6	18.0	18.0	19.7
Berlin, 1A. qual.	47.4	46.5	46.9	47.4	47.7	42.0
London, Danish	24.4	23.5	24.3	23.4	23.4	25.2
London, New Zealand	18.2	17.6	17.5	17.0	16.5	23.0

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October 31, 1934

WORLD DAIRY PROSPECTS

Finest New Zealand butter in London was quoted as of October 25 at the equivalent of 15.7 cents, or 12.5 cents below 92 score in New York at 28.25 cents. As compared with prices prevailing a year ago, New Zealand in London is 4 cents lower and New York 4 cents higher.

Recovery in domestic production of butter to a level slightly above that of a year ago has been accompanied by material decline in British supplies both seasonally and as compared with importation of a year earlier. Lessening pressure upon the British markets from the Continent is reflected in relatively high prices for Danish butter, but colonial butters continue abnormally low.

The decline apparent last year in total exportation of butter from Denmark has been checked this year to date. New Zealand production is not yet equal to that of corresponding early months of the previous seasonal year when the opening months were unusually favorable. In Australia where the early part of the season was unfavorable last year, production has been running far ahead of corresponding months of the previous season.

An abnormally wide margin of 11 cents prevailed as of October 25 between the prices of Danish and New Zealand butter in London, with the former at 26.7 cents and the latter at 15.7 cents. Danish was then 3 cents higher than a month earlier whereas New Zealand was again practically at the same level as a month ago after a further decline during the month to as low as 14.4 on October 11. The comparative strength of the market for Danish is attributable in part to recently improved demand from Germany, but primarily to the increasing proportion of British supplies of colonial origin. The heavy stocks of butter held in storage in Great Britain are predominantly of colonial butter.

Domestic production of butter recovering

Production of creamery butter in the United States during September was slightly in excess of the corresponding month of last year for the first time this year, according to preliminary estimate. For the 9 months, January - September, the decrease from last year is still estimated at 6.5 percent or 91,000,000 pounds. Stocks held in cold storage as of October 1 amounted to 124,814,000 pounds against 174,713,000 pounds on October 1, 1933, and a 5-year average of 126,877,000 pounds.

Lighter butter supplies reaching European markets

Both Germany and Great Britain received somewhat less butter during September than a year earlier. Imports into Germany amounting to 11,684,000 pounds were well above the August imports of 10,141,000 pounds but still slightly less than the total of 12,346,000 pounds received in September 1933. September imports into Great Britain amounted to 62,965,000 pounds against 90,280,000 pounds in August and 71,968,000 pounds in September 1933. Total

imports into Great Britain during the 9 months, January-September, of 860,118,000 pounds were still in excess of those of the corresponding period of last year by 101,000,000 pounds or 13 percent. Decline in domestic production in Germany is reported as accounting for the heavier importation into that country which has diverted some of the European surplus particularly from Denmark and Sweden from British markets. Decline in British imports during September from a year ago appears most marked in the case of Russia, New Zealand, and Denmark, and to some extent from the Baltic States.

Arrivals of butter in British markets from Southern Hemisphere sources, New Zealand, Australia, and Argentina, are officially estimated to have amounted during the 4 weeks ended October 25 to 29,317,000 pounds against 17,691,000 pounds in the corresponding period of last year. Total shipments afloat from these sources as of October 11 amounted to 39,138,000 pounds this year against 21,524,000 pounds a month earlier and 47,935,000 pounds on the corresponding date of last year.

Stocks of butter held in cold storage in Great Britain and Northern Ireland amounted on September 29 to 80,319,000 pounds compared with 50,231,000 pounds on September 30, 1933, and 41,345,000 pounds on October 1, 1932. The peak of these holdings was reached this year on August 4 when they stood at the record volume of 105,572,000 pounds.

Danish butter exports recovering

Following some falling off in exports of butter from Denmark through 1933, the decline was checked this year, and the total exportation during 9 months of 1934 amounting to 260,000,000 pounds was practically equal to that of the corresponding period of last year. In September, exports were about 1 percent above those of September 1933.

New Zealand butter output not quite up to record of year earlier

Butter production in New Zealand, as measured by reported gradings during the first 2 months of the current new season, has been slightly less than that of the unusually favorable early months of last season. In August and September gradings amounting to 37,650,000 pounds were slightly less than the gradings of 39,778,000 pounds in the corresponding months of the 1933-34 season. The normal trend of production by months during the entire season of the past 2 years with that of the early months of this season are shown on page 3.

New Zealand: Gradings of butter, by months, 1932-33 and 1934-35

Month	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds
Aug.	9,424	13,223	13,747
Sept.	20,046	26,555	23,903
Oct.	33,631	39,381	
Nov.	42,385	46,007	
Dec.	42,197	45,687	
Jan.	34,787	41,411	
Feb.	29,559	31,067	
Mar.	29,864	31,031	
Apr.	21,797	20,337	
May	13,308	10,969	
June	5,302	4,207	
July	3,969	4,229	
Total	286,269	314,104	

Australian butter production exceeding previous season

Butter graded in Australia during the first quarter of the new seasonal year beginning July 1, 1934, has been far in excess of the quantity graded in the corresponding period of the previous season when conditions during the early months were unfavorable. It was only in the later months when conditions had greatly improved, that production began to outrun that of the previous season with the result that the total graded during the seasonal year amounted to 245,437,000 pounds against 222,170,000 pounds in the previous 12 months. In the following table quantities of butter graded are shown by quarters for recent years, and for subsequent weeks as far as information is available.

Australia: Gradings of butter, 1931-32 to 1934-35

Period	1931-32	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
July 1-Sept.30	31,795	37,256	21,898	30,867
Oct. 1-Dec. 31	73,221	92,351	99,055	
Jan. 1-Mar. 31	58,518	70,551	85,326	
Apr. 1-June 30	38,642	22,012	39,158	
Total	202,176	222,170	245,437	
Week ended				
Oct. 6			4,500	5,784

Latest available information as of early October indicated that rain was then needed in Queensland and part of Victoria but that dairy districts elsewhere had received good rains and production was increasing in all states of the commonwealth.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London for one day each week during October, with comparisons

Market and description	1934					1933
	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Oct. 26
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92 score	26.2	26.2	26.2	27.2	28.2	24.0
San Francisco, 92 score	28.5	28.0	28.5	28.5	30.5	22.0
Montreal, No.1 past. ..	19.8	20.0	20.3	1/	1/	1/
Copenhagen, off.quot. .	18.1	18.0	17.8	18.8	21.0	18.7
Berlin, 1A quality	47.5	47.8	47.7	47.9	47.5	39.4
London, Danish	23.6	23.5	23.6	24.8	26.7	24.1
London, New Zealand ...	15.4	15.4	14.4	14.8	15.7	19.6

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

November 30, 1934

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WORLD DAIRY PROSPECTS

Butter prices have been higher in domestic markets than in foreign markets by steadily widening margins since last summer. During the month of November the New York price has held at a level of 13 cents over London quotations on finest New Zealand butter. Any settled difference of the full amount of the 14 cent import duty would tend to depress prices again to the prevailing relationship, and this possibility of importation is apparently a more important factor than the domestic situation in checking domestic prices of butter at the present level.

Finest New Zealand and Australian butter in London has been selling during recent weeks at prices equivalent to 16-17 cents per pound, or 13 cents under 92 score butter in New York. Since this margin has approached so closely to the full amount of the 14 cent import duty in effect in this country, the domestic price advance appears to have been checked at a level determined predominantly by the London price level.

London quotations on finest New Zealand butter advanced to a high point for the fall month to date of 17.2 cents on November 8 and have since declined to the equivalent of 16.5 cents as of November 22. This was exactly 13.0 cents under 92 score in New York. The Copenhagen official quotation reached the equivalent of 22.0 cents and has now declined to 20.2 cents or 9.3 cents under New York. In determining the price margin necessary to make possible the diversion of Danish butter from British markets to this country, allowance must be made for the British import duty on all non-Empire butter amounting to about 3.5 cents per pound. Thus, both the Copenhagen quotation and the London price of New Zealand butter are now lower than the New York price on comparable grades by a margin approximately 1 cent less than might place them on an import basis.

London prices of New Zealand butter as cabled for 1 day each week (Thursday) averaged by months as shown below in comparison with New York prices for the same days indicate the steadily widening margin in favor of the domestic market from last summer to date.

	June	July	Aug.	Sept.	Oct.	Nov.
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92 score	24.8	24.1	27.4	25.8	27.0	29.4
London, finest New Zealand	17.5	16.8	18.1	16.6	15.1	16.6
Difference, New York over London	7.3	7.3	9.3	9.2	11.9	12.8

New Zealand butter output practically equaling record of previous season

Butter production in New Zealand, as measured by reported gradings during the first 3 months of the current new season, has been slightly less than that of the unusually favorable early months of last season. In August, September, and October gradings amounting to 77,504,000 pounds were slightly less than the gradings of 79,159,000 pounds in the corresponding months of the 1933-34 season. The normal trend of production by months during the entire season of the past 2 years with that of the early months of this season are shown below.

New Zealand: Gradings of butter, by months, 1932-33 and 1934-35

Month	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds
Aug.	9,424	13,223	13,747
Sept.	20,046	26,555	23,903
Oct.	33,631	39,381	39,854
Total Aug. 1 to Oct. 31	63,101	79,159	77,504
Nov.	42,385	46,007	
Dec.	42,197	45,687	
Jan.	34,787	41,411	
Feb.	29,559	31,067	
Mar.	29,864	31,031	
Apr.	21,797	20,337	
May	13,308	10,969	
June	5,302	4,207	
July	3,969	4,229	
Total	286,269	314,104	

Gradings in New Zealand during the 3 weeks ended November 18 were practicallly the same as in the corresponding period of last year.

Australian butter production continues to exceed production of previous season

Weather conditions in Australia in early November were reported as generally favorable. In the most important states production was still increasing while the peak had already been reached in South and Western Australia.

In the following table quantities of butter gradings are shown by quarters for recent years, and for subsequent weeks as far as information is available. Butter graded in Australia during the first quarter of the new season beginning July 1, 1934, has been far in excess of the quantity graded in the corresponding period of the previous season when conditions during the early months were unfavorable. It was only in the later months when conditions had greatly improved, that production began to outrun that of the previous season with the result that the total graded during the season amounted to 245,437,000 pounds against 222,170,000 pounds in the previous 12 months.

Australia: Gradings of butter, 1931-32 to 1934-35

Period	1931-32	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
July 1 - Sept. 30	31,795	37,256	21,898	30,867
Oct. 1 - Dec. 31	73,221	92,351	99,055	
Jan. 1 - Mar. 31	58,518	70,551	85,326	
Apr. 1 - June 30	38,642	22,012	39,158	
Total	202,176	222,170	245,437	
Week ended				
Oct. 6			4,500	5,784
Oct. 13			5,360	6,500
Oct. 20			7,101	6,516
Oct. 27			6,890	7,302
Nov. 3			7,909	8,617
Total July 1 to Nov. 3			53,658	65,586

Imports of butter into Great Britain in October amounted to 81,691,000 pounds as compared with 67,240,000 pounds in October of last year and 62,780,000 pounds in October 1932. During the 10 months, January - October, imports totaled 941,627,000 pounds this year against 826,206,000 pounds last year and 776,193,000 pounds in the corresponding period of 1932.

Arrivals of butter in Great Britain from Sourhern Hemisphere sources, New Zealand, Australia, and Argentina during the 4 weeks ended November 22 are officially estimated (partly in advance) to have amounted to 32,502,000 pounds against 43,091,000 pounds in the corresponding period of last year. Until the end of this year, arrivals from these sources are expected to continue lighter than a year earlier, since production in New Zealand is running slightly below last season and the Australian output, though much heavier than last season, is being partially withheld from shipment under recent arrangements unofficially reported.

Stocks of butter held in cold storage in Great Britain and Northern Ireland amounted on November 10 to 51,070,000 pounds, a decline of 54,502,000 pounds from the peak holdings of 105,572,000 pounds on August 4, 18,917,000 pounds in excess of holdings on November 11 last year, and 23,924,000 pounds more than on November 12, 1932.

United States: Imports of butter and cheese, by months, 1933 and 1934 to date

Month	Butter		Swiss Cheese		Other Cheese	
	1933	1934	1933	1934	1933	1934
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Jan.	102	52	791	245	2,279	2,578
Feb.	93	46	1,025	624	2,520	3,278
Mar.	109	29	262	391	2,630	4,366
Apr.	123	47	723	470	3,167	3,206
May	131	53	1,250	684	4,276	3,253
June	104	57	2,204	1,035	4,658	2,862
July	96	69	1,140	815	2,300	2,398
Aug.	114	83	983	779	2,116	2,731
Sept.	37	92	478	341	2,252	3,722
Oct.	20	155	677	664	3,152	3,795
Total 10 mo. ..	929	689	9,533	6,048	29,350	32,189
Nov.	31		450		4,538	
Dec.	61		741		3,783	
Total	1,021		10,724		37,671	

Compiled from records of the Bureau of Foreign and Domestic Commerce.

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London for one day each week during November with comparisons

Market and description	1934				1933
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 23
	Cents	Cents	Cents	Cents	Cents
New York, 92 score ...	29.0	29.0	30.0	29.5	23.2
San Francisco, 92 score	32.0	33.0	32.0	33.0	22.3
Montreal, No. 1 past. .	19.7	1/	1/	1/	1/
Copenhagen, off. quot.	22.0	22.1	21.2	20.2	21.6
Berlin, 1A quality ...	47.5	47.5	47.4	47.4	45.0
London, Danish	27.6	27.6	27.0	26.1	26.9
London, New Zealand ..	16.0	17.2	16.9	16.5	18.2

Compiled from cables from Agricultural Attaches in Berlin and London and from telegraphed reports from Canadian Department of Agriculture.
1/ No quotation available.

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December 31, 1934

WORLD DAIRY PROSPECTS

Domestic butter prices during December have been higher than London prices on New Zealand and Australian butter by margins exceeding from week to week the full amount of our 14-cent import duty. Only uncertainty as to the stability of the prevailing margins appears now to prevent the purchase of foreign butter. Finest New Zealand butter in London was quoted as of December 27 at the equivalent of 16.6 cents per pound or 15.6 cents below 92-score butter in New York as of that date.

The continued steadily widening margin from last summer to date in favor of the domestic market is shown below by comparisons of London prices of New Zealand butter as cabled for 1 day each week (Thursday) averaged by months and New York prices for the same days.

	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92-score ...	24.8	24.1	27.4	25.8	27.0	29.4	31.0
London, finest New Zealand	17.5	16.8	18.1	16.6	15.1	16.6	15.7
Difference, New York over London	7.3	7.3	9.3	9.2	11.9	12.8	15.3

British butter imports lighter

Imports of butter into Great Britain during November amounting to 66,308,000 pounds were less than in October when 81,691,000 pounds were received and less than in November of 1933 and 1932 when imports amounted to 71,790,000 pounds and 75,586,000 pounds, respectively. Totals, however, for the 11-month periods have shown continued increase in the last 3 years, amounting to 1,007,543,000 pounds this year against 897,989,000 pounds last year and 851,778,000 pounds 2 years earlier.

Stocks of butter held in cold storage in Great Britain and Northern Ireland as of December 8, 1934, amounted to 38,281,000 pounds against 24,946,000 pounds on December 9, 1933, and 27,079,000 pounds on December 10, 1932.

Comparative figures are now available for the first time covering the output of margarine in the United Kingdom currently and a year earlier. During the 4 weeks ended December 1, 1934, the weekly average output was 7,235,000 pounds as compared with an average for the 5 weeks ended December 2, 1933, of 8,194,000 pounds, a decrease of about 12 percent.

Arrivals of butter in Great Britain from Southern Hemisphere sources during the 4 weeks ended December 27 are officially estimated (partly in advance) to have amounted to 61,205,000 pounds as compared with 56,502,000 pounds in the corresponding period of the previous year.

Recent demand from Germany a strengthening factor

During recent months the demand for foreign butter in Germany has been greatly improved and this has had a strengthening influence upon the price at least of Danish and other European butters on the British markets. In October, imports of butter into Germany amounted to 18,409,000 pounds against 10,609,000 pounds in October 1933. During November, imports amounted this year to 17,640,000 pounds against 13,197,000 pounds last year. For the 11 months, January-November, imports had nearly recovered to the volume of the corresponding period of last year, although still far below those of 2 years ago, amounting to 116,201,000 pounds, 117,085,000 pounds and 140,522,000 pounds, respectively. The quota restriction that had been established by which imports during 1934 were to be limited to a total of 45,000 metric tons or 99,207,000 pounds has thus already been considerably exceeded. Production of butter within Germany was reported late in November as still light but as having probably passed its seasonal low point.

The very high Berlin prices shown in the summary below are the equivalent of the official Berlin quotations but cannot, under the control measures in force, attract unlimited supplies of foreign butter nor be affected directly by imports. These official quotations are fixed by order of the Reich Commissioner for Dairy Products for the highest grade or "German Mark" butter. Minor fluctuations from week to week usually reflect fluctuations in exchange rates.

New Zealand butter production passes peak of current season

Butter graded in New Zealand during November amounted to about 1 percent less than in November of the previous season, and during the first 2 weeks of December about 6 percent less than a year earlier. Dry weather is reported to have affected some of the New Zealand dairying areas. The peak of production for the current season appears now to have been reached with maximum gradings to date having been made during the week ended December 2. Last season the peak was reached slightly later during the week ended December 9. The output by months during 2 previous seasons and the current season to date is indicated in the following table.

New Zealand: Gradings of butter, by months, 1932-33 and 1934-35

Month	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds
Aug.	9,424	13,223	13,747
Sept.	20,046	26,555	23,903
Oct.	33,631	39,381	39,854
Nov.	42,385	46,007	45,703
Total Aug. 1 to Nov. 30	105,486	125,166	123,207
Dec.	42,197	45,687	
Jan.	34,787	41,411	
Feb.	29,559	31,067	
Mar.	29,864	31,031	
Apr.	21,797	20,337	
May	13,308	10,969	
June	5,302	4,207	
July	3,969	4,229	
Total	286,269	314,104	

Aside from quantities of butter withheld in New Zealand for later shipment, supplies from that source normally, of course, reach Northern Hemisphere markets a month or more after being reported as graded for export.

Stocks of butter reported as held in store in New Zealand amounted on November 30 to 38,528,000 pounds or less than a year earlier when 44,128,000 pounds were reported.

Shipments of butter afloat as of December 13 from New Zealand amounted to 31,982,000 pounds against 38,180,000 pounds a year earlier.

Allotments of New Zealand butter on ships not actually sailed by November 30 were advised as of that date to include 56,168,000 pounds due to arrive in British ports from January 1 to February 25.

Australian production still well maintained

Butter graded in Australia from the beginning of the current season, July 1, through December 8 has amounted to 108,873,000 pounds against 95,438,000 pounds in the corresponding period of the previous season. Production as indicated by gradings during recent weeks has averaged but little above that of corresponding weeks of last year, and exports have been well below those of a year ago since early November in accordance with the announced policy of withholding supplies for later shipment.

Shipments afloat from Australia as of December 13 amounted to 29,833,000 pounds as compared with 32,790,000 pounds afloat on December 13, 1933.

Australia: Gradings of butter, 1931-32 to 1934-35

Period	1931-32	1932-33	1933-34	1934-35
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
July 1 - Sept. 30	31,795	37,256	21,898	30,867
Oct. 1 - Dec. 31	73,221	92,351	99,055	
Jan. 1 - Mar. 31	58,518	70,551	85,326	
Apr. 1 - June 30	38,642	22,012	39,158	
Total	202,176	222,170	245,437	
Week ended -				
Oct. 6			4,500	5,784
Oct. 13			5,360	6,500
Oct. 20			7,101	6,516
Oct. 27			6,890	7,302
Nov. 3			7,909	8,617
Nov. 10			8,326	8,590
Nov. 17			8,176	8,579
Nov. 24			7,853	7,526
Dec. 1			8,772	10,022
Dec. 8			8,653	8,570
Total July 1 to Dec. 8			95,438	108,873

Butter: Price per pound in New York, San Francisco, Montreal, Copenhagen, Berlin, and London for one day each week during December, with comparisons

Market and description	1934					1933
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Dec. 28
	Cents	Cents	Cents	Cents	Cents	Cents
New York, 92-score	1/29.5	30.2	30.0	31.8	32.2	20.0
San Francisco, 92-score	1/33.0	32.0	29.5	30.0	30.5	21.0
Montreal, No. 1 pasteurized	2/	20.7	20.4	20.2	2/	2/
Copenhagen, official quotation	20.2	21.7	22.2	21.0	21.0	17.1
Berlin, 1A quality	47.4	47.4	47.3	47.4	47.4	43.1
London, Danish	25.8	27.2	27.8	27.0	26.8	22.9
London, New Zealand	16.2	16.0	15.3	15.6	16.6	15.3

1/ Quotation for November 30.
2/ Quotation not available.

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